

EXHIBIT 7  
2/21/07  
695

**HB 695**

**PREPARED BY UTAH MEDICAL INSURANCE ASSOCIATION (UMIA) HB  
UMIA INSURES 800 PHYSICIANS (40% OF MONTANA'S PHYSICIANS)**

HOUSE BILL 695 CHANGES MONTANA LAW AS IT PERTAINS TO DAMAGES AWARDED IN A MEDICAL MALPRACTICE CLAIM PERTAINING TO THE DEATH OF AN INDIVIDUAL. THERE ARE TWO TYPES OF CLAIMS BROUGHT IN MONTANA WHEN SOMEONE DIES AS A RESULT OF MEDICAL MALPRACTICE. ONE IS A WRONGFUL DEATH ACTION, WHICH IS BROUGHT BY A SPOUSE AND/OR HEIRS. THE OTHER IS A "SURVIVOR" ACTION, WHICH IS BROUGHT BY THE "ESTATE" AND CAN ONLY BE BROUGHT BY THE PERSONAL REPRESENTATIVE OF THE "ESTATE."

IN A WRONGFUL DEATH ACTION (ONE BROUGHT BY THE SPOUSE OR THE HEIRS), DAMAGE AWARDS ARE MADE FOR LOSS OF CONSORTIUM, LOSS OF COMFORT AND SOCIETY, LOSS OF SUPPORT, EDUCATION, TRAINING AND CARE. IN DETERMINING HOW MUCH MONEY WOULD BE AVAILABLE FROM THE DECEASED FOR THOSE CLAIMS, THE JURY CALCULATES THE PRESENT DAY VALUE OF THE LOST FUTURE EARNINGS OF THE DECEASED, AND THEN IT DEDUCTS FROM THAT AMOUNT THE EXPENSES THAT A NORMAL PERSON WOULD HAVE CONSUMED DURING THEIR LIFETIME. IN OTHER WORDS, HOW MUCH THE INDIVIDUAL WOULD HAVE SPENT ON THEIR HOUSE, CARS, FOOD AND OTHER EXPENSES WHICH COMPROMISE "PERSONAL CONSUMPTION."

HOWEVER, WHEN THE CLAIM IS BROUGHT BY THE ESTATE OF THE INDIVIDUAL, PERSONAL CONSUMPTION EXPENSES ARE NOT DEDUCTED FROM THE AWARD. THE JURY MERELY DETERMINES THE LOST EARNINGS BETWEEN THE TIME OF DEATH AND THE REMAINDER OF THE PERSON'S LIFE EXPECTANCY. THERE IS NO DEDUCTION FOR PERSONAL EXPENSES. THE MONTANA SUPREME COURT HAS MADE IT CLEAR THAT THE LEGISLATURE HAS NOT SPOKEN IN THIS ARENA AND THEREFORE HAS DECLINED TO REQUIRE THAT PERSONAL CONSUMPTION BE FACTORED INTO THE AWARD. HOUSE BILL 695 IS THAT LEGISLATIVE EXPRESSION.

HOUSE BILL 695 SIMPLY MAKES COMMON SENSE. IT MUST BE REMEMBERED THAT THE CLAIMS THAT ARE AFFECTED BY THIS BILL ONLY PERTAIN TO THOSE BROUGHT BY THE ESTATE. NORMALLY WE THINK OF AN ESTATE AS THAT WHICH A PERSON OWNS WHEN THEY DIE. NOBODY HAS 100% OF THEIR LIFETIME EARNINGS AVAILABLE TO THEIR ESTATE AT THAT TIME. THEY HAVE PURCHASED CARS, MADE HOUSE PAYMENTS, CONSUMED FOOD AND PURCHASED ALL THE OTHER ITEMS THAT ONE DOES DURING A LIFETIME. ALL HOUSE BILL 695 DOES IS REQUIRE THE COURT TO CONSIDER THAT COMMON SENSE FACT OF LIFE INTO THE AWARD OF DAMAGES IN MEDICAL MALPRACTICE CLAIMS.

IN 2002 THE MONTANA SUPREME COURT RULED THAT PERSONAL CONSUMPTION EXPENSES COULD NOT BE DEDUCTED IN SURVIVORSHIP CLAIMS. SINCE 2002 THE AVERAGE CLAIM PAID BY UMIA IN MONTANA HAS RISEN FROM \$182,920 TO \$339,992 IN 2006. THAT IS AN 85% INCREASE IN FOUR YEARS. NOT ALL OF THE INCREASE CAN BE TIED TO THIS ISSUE. HOWEVER, UMIA'S ACTUARY ESTIMATES THAT MALPRACTICE INSURANCE SETTLEMENTS/AWARDS WILL INCREASE ANOTHER 34% TO 37% IF HOUSE BILL 695 IS NOT ENACTED. IF THAT PROVES TO BE ACCURATE, AND ONLY REAL LOSS EXPERIENCE WILL TELL, RATES WILL HAVE TO CORRESPONDINGLY INCREASE.

UMIA WRITES CONVERAGE IN FOUR STATES - UTAH, WYOMING, IDAHO AND MONTANA. MONTANA IS THE ONLY STATE THAT DOES NOT ALLOW FOR THE DEDUCTION OF PERSONAL CONSUMPTION. INCREASES IN MALPRACTICE INSURANCE WILL FURTHER DISADVANTAGE MONTANA IN ATTRACTING AND RETAINING QUALIFIED PHYSICIANS.